April 6, 2009

Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Submitted By: e-mail to regcomments@ncua.gov

Dear Members of the Board,

Thank you for the opportunity to respond to the request for comments regarding the role of corporate credit unions and the effect any changes will have on the credit union movement. I have been president of a $23 million credit union located in Kansas City, Missouri since 1991 having previously managed credit unions in Connecticut and in the DC area. For the past twelve years I have also served on the board of Missouri Corporate Credit Union and therefore I feel as though I am familiar with the corporate network.

Our corporate plays a vital role in the operations of our credit union. We are dependent on the corporate network and specifically Missouri Corporate for the majority of our settlement, investment and liquidity needs. We depend on the corporate to assist us with investment of our excess funds along with the fact that they provide our only current option for borrowing when our liquidity gets tight.

I feel very strongly that any significant restructuring of the Corporate Network should be well thought out and implemented in a manner that benefits credit unions of all sizes and needs. In my personal opinion, there is not a need for significant changes. I feel that the two-tier structure of the network is the correct model provided there is a process put in place to limit the risk taken by corporates in order to compete against other corporates. The pass-through model that Missouri Corporate uses has worked for us and in hind site, had other corporates retained this model, we may have avoided the situation we are experiencing. The corporates that gained expanded authority and extended their investment portfolios in order to maximize profits, put the entire movement at risk. Many of them also were instrumental in leading US Central to do the same.

The following are my opinions relating to specific questions raised in the ANPR:

<u>Payment systems & Liquidity and liquidity management</u>

I do not see how the payment systems can be separated from the liquidity and investment functions performed by corporates today. I believe that if the payment systems (settlement) were separated from the investment function the costs associated with settlement would become prohibitive for a low volume credit union like ours. The earnings from the investment function allow the corporate to make settlement affordable to us. Having one place to turn for our investment or borrowing needs is extremely important in that our needs fluctuate and if it were necessary to find other options, the due diligence necessary would be difficult for my credit union considering the size of the staff. Also, pricing for settlement services and investments are driven by volume. Our credit union benefits from the combined purchase power of all of our counterparts combined. If the corporate options were not available, there would need to be a system reestablished such as many CUSOs which in the long run would be adding risk to the movement.

<u>Field of Membership (FOM) Issues</u>

I feel as though credit unions should have a choice of where they do business. As I stated earlier, a great influence in the situation we find ourselves in is due to competition between corporates. That is not to say that competition is not good for the movement. Competition drives innovation and increases service. I feel that the risks can be limited by developing more of a pass through network rather than limiting field of membership for each corporate. An additional step in limiting rate driven competition would be to require a capital contribution in order to do business with any corporate.

<u>Expanded Investment Authority, Permissible Investments</u>

I feel as though the pass through model that works best limits the expanded authority to US Central (or its equivalent). The permissible investments do not need to change, just the concentration risks associated with each type of investment should be limited. The most important investment options should be the overnight funding along with term products. These are very important to credit unions of all sizes and difficult to obtain for low volume accounts such as ours.

<u>Structure; two-tiered system</u>

I believe that the appropriate structure would have a National Corporate (US Central or equivalent) with expanded investment authority. There would then be a network of local corporates that provide services to the natural person credit unions in a pass through environment. Credit Unions would have an option of doing business with the corporate and make those decision based on product offerings, member service levels and convenience.

<u>Corporate Capital (Core, Membership Capital)</u>

The capital structure of the past should be retained. Credit Unions should be required to invest capital in the form of Membership Capital or Paid In Capital in order to do business with the corporate.

Corporate Governance

The National Corporate's Board should consist of Corporate representatives and natural person representatives. I don't believe that there needs to be representatives from any other outside parties. Corporate credit unions should be governed by their members, natural person credit unions. I don't see any reason that board members should be compensated or a need for term limits.

Conclusion

The Corporate Credit Union Network has served credit unions extremely well for many years. It has provided services credit unions our size previously depended on banks to provide. I would hate to see changes that would require us to have to look outside the movement to obtain these services again. Elimination of our local corporate would complicate matters for the many credit unions similar to ours at a time when we can't afford additional challenges. Please tread carefully and lightly in whatever decisions that you make.

Thank you for the opportunity to comment on these issues facing the credit union movement.

Sincerely,

Ron Miller
President
Edison Credit Union
4200 E Front St
Kansas City, MO 64120
816-231-3380 x3008